

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512



August 11, 1999

Mr. Les Toth
5546 Old Salt Ln
Agoura Hills, CA 91301

Dear Mr. Toth:

THREE MOUNTAIN POWER PROJECT DATA REQUESTS NUMBERS 44 THRU 50

Pursuant to Title 20, California Code of Regulations, section 1716, the California Energy Commission (Energy Commission) staff requests that the Three Mountain Power Project, Limited Liability Company (LLC) supply the information specified in the enclosed data requests (Data Requests 44 through 50). These data requests address air quality. Staff will file data requests related to water and soils resources next week.

Written responses to the enclosed data requests are due to the Energy Commission by September 13, 1999 or at such later date as may be agreed upon by the Energy Commission staff and the applicant. A publicly noticed workshop is scheduled later in August 1999, in Sacramento to discuss these data requests and to have staff available to answer questions regarding the data requests and the level of detail required to answer the requests satisfactorily.

If you are unable to provide the information requested in the data requests or object to providing it, you must, within 15 days of receiving these requests, send a written notice of your inability or objection(s) to both Chairman William J. Keese, Presiding Member of the Committee for this proceeding, and me. The notification must also contain the reasons for not providing the information and the grounds for any objections (see Title 20, California Code of Regulations section 1716 (e)).

If you have any questions regarding the enclosed data requests, please call me at (916) 653-1614.

Sincerely,

Richard Buell
Siting Project Manager

Enclosure

cc: Proof of Service 99-AFC-2

RKB:rkb
DATAREQ2.doc

Three Mountain Power Project (99-AFC-2) Staff Data Requests

Technical Area: Air Quality

Author: Tuan Ngo

ISSUE: The project area is non-attainment for the state ambient air quality standard for ozone. As a result, any increase in emissions of ozone precursors (i.e., NO_x and volatile organic compounds (VOC)) may exacerbate the number or severity of violations of the standards. Staff believes that it is likely that the current ambient PM₁₀ air quality in the Burney area is very similar to the ambient air quality in Redding. In addition, although the Redding area has not experienced violations of the state 24-hour standard for PM₁₀ during the last few years, ambient levels have been very close to that standard. Therefore, the PM₁₀ emissions from the project could cause a new violation of that 24-hour standard, which staff believes constitutes a potentially significant impact on the environment. Staff supports the applicant's proposal to use offsets to mitigate these potential impacts.

In order to complete its Preliminary Staff Assessment (PSA), the applicant needs to submit information about its emission offset proposal by October 22, 1999 (see staff's proposed schedule contained in Staff's August 9, 1999, Issue Identification Report)¹. That information includes an identification of the emission reductions proposed as offsets, Letters of Intent (LOI) to purchase proposed offsets, and proposed offset ratios or other adjustments (e.g., RACT adjustments, interpollutant, or interdistrict offset ratios) to apply to the emission reductions. See the attached April 29, 1999 letter to Mr. Andrew Welch for a description of the contents of a LOI. In order to ensure sufficient progress toward meeting staff's proposed schedule, please provide the following information.

44. Please provide a monthly status report, beginning September 13, 1999, describing the applicant's progress toward obtaining emission offsets.² The status report should identify: 1) the status of negotiations (e.g., ongoing, complete, terminated) with offset sources; 2) identify any new or additional offset sources not identified by the applicant in the AFC; and 3) an estimated schedule for banking any ERCs, if necessary.
45. By October 22, 1999, please provide a complete offset proposal, including LOIs or other binding agreements to purchase the emission reductions, and proposed offset ratios or other adjustment factors to apply to the proposed emission reductions.
46. If not already provided, please provide the following for each offset source proposed or under investigation:²
 - a. Name of the Owner(s) of the ERCs.
 - b. Address of Facility(ies) from which ERCs will be obtained.
 - c. Mailing Address of the Owner(s), and contact person.
 - d. Description of the ERCs which are subject of negotiations, as follows:

¹ Contracts or option contract will be required by the time the final DOC is filed; December 20, 1999.

² If appropriate, the status report or detail offset information may be filed with an application for confidentiality designation.

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Staff Data Requests**

- i) pollutant(s) and amounts (tons per year);
 - ii) method of Emission reduction (e.g., shutdown, process changes, emission control (brief description), fuel switching or augmentation, or other);
 - iii) if offsets are to be obtained from sources that have the potential to reduce their emissions, but have not yet done so, please provide source tests or other data to substantiate the identified emission reductions; and
 - iv) identification of whether ERCs have been banked pursuant to the applicable district rules. If so, please identify the bank certificate identification number(s). If not, please identify when emission reductions were or will be achieved, and the estimated schedule of when ERC banking applications were or will be made to the applicable air district.
47. Of the ERC sources identified in the AFC, the certificate belonging to the City of Redding is also being proposed for use by another project. Please verify if this ERC is still available for use for this project.

ISSUE: Staff believes that it is likely that the current ambient PM10 air quality in the Burney area is very similar to the ambient air quality in Redding. The Redding area has not experienced violations of the state 24-hour ambient air quality standard over the last few years, although ambient levels have been very close to that standard. The modeled PM10 impacts from the project could cause a violation of that 24-hour standard, and thus may constitute a significant impact on the environment. Thus, upwind contemporaneous emission reductions should be identified and secured to fully mitigate the project's direct impacts and to satisfy the District New Source Review Rule (Rule 2.1, Section 306). The rule specifies that if a project is shown to cause a violation of a standard, the District needs to consider it in the context of the offsets provided for the project to determine if the project should be approved.

48. If PM10 emission reductions are being obtained from paving or treating of unpaved roads, please provide the following information:
- a. A detailed description of the locations and lengths of roads to be treated, the methods to be used to reduce emissions from unpaved roads, and a schedule for the work to be performed.
 - b. A protocol of the method to be used to evaluate the road emission reductions based on vehicle count, type of vehicles, estimated vehicle weight, and vehicle speeds.
 - c. A protocol to be used to collect dust samples from the unpaved roads and the method to be used to estimate the silt content of the dust.

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49. A potential source of emission offsets for project impacts is the Ogden-owned existing wood-fired boiler adjacent to the proposed power plant site. This source of offsets would be preferred by staff because of its proximity to the proposed project (i.e., it would likely mitigate direct impacts of the project). Please discuss the feasibility of obtaining emission offsets from application of additional emission controls or shutdown of the existing wood fired boiler adjacent to the proposed project.

ISSUE: The applicant has submitted a disk containing the printout of modeling inputs and outputs files. Because the disk is formatted on a different type of operating system than the one staff uses, staff has not been able to verify if the modeling performed was adequate.

50. Please provide the air dispersion modeling input and output files in CD-ROM or diskette form that are IBM compatible.

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512



April 29, 1998

Mr. Andrew C. Welch
High Desert Power Project, LLC
3501 Jamboree Road, South Tower Suite 606
Newport Beach, CA 92660

Dear Mr. Welch:

Pursuant to the High Desert Power Project Committee's direction at the Status Conference on April 28, 1998, we are providing you with our recommendation on the expected contents of a Letter of Intent to obtain emission reduction credits (ERCs). The Letter of Intent shall be signed by the potential seller and applicant, and shall include:

- Name of the Owner(s) of the ERCs.
- Address of Facility(ies) from which ERCs will be obtained.
- Mailing Address of the Owner(s), and contact person.
- Description of the ERCs which are subject of negotiations.
 - o Pollutant(s) and amounts (tons per year).
 - o Method of Emission reduction (e.g., shutdown, process changes, emission control (brief description), fuel switch or augmentation, or other).
 - o Identification of whether ERCs have been banked pursuant to the applicable district rules. If so, please identify the bank certificate identification number(s). If not, please identify when emission reductions were or will be achieved, and the estimated schedule of when ERC banking applications were or will be made to the applicable air district.
- A written indication of the seller's intention to enter into a contract with the applicant for purchase of the ERCs, including a preliminary understanding of the potential contract terms.

As stated at the April 28, 1998 Status Conference, we need to know that the potential sellers are serious about selling offset to the applicant and where the offsets are likely to be located. Letters of Intent provide us with this information. However, we believe that option contracts or contracts securing offsets will be required for the Energy Commission's certification. The Warren Alquist Act addresses offset information -- Public Resources Code section 25523 (d)(2) states "[t]he commission may not find that the proposed facility conforms with applicable air quality standards pursuant to paragraph (1) unless the applicable air pollution control district or air quality management district certifies that complete emission offsets for the proposed facility have been identified and will be obtained by the applicant prior to the commission's

Mr. Welch
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licensing of the project ..." The primary difference between the Letter of Intent described above and an option contract or contract, is that the latter create an enforceable right (on behalf of the) applicant to purchase the ERCs at an agreed upon price.

If you have any questions, please contact me at (916) 653-1614 or E-mail me at RBuell@energy.state.ca.us.

Sincerely,

ORIGINAL SIGNED BY
Richard Buell
Siting Project Manager

Enclosure

cc: Proof of Service, 97-AFC-1
Oscar Hellrich, Mojave Desert AQMD
Mark Abramowitz

RKB:rkb
LRTINTNT.WPD